



An Analysis of Factors Affecting the Performance of Women Entrepreneurs in Micro and Small Enterprises in India

Assistant professor Deepika Sahu , Assistant Professor Dauli Bansal

Chameli Devi Institute of Professional Studies
Dronacharya Government College, Gurugram

Abstract- Women entrepreneurs have emerged as an important driver of inclusive economic growth in India, particularly in the micro and small enterprise (MSE) sector. Over the last decade, increased policy support, improved access to education, and expanding digital and financial infrastructure have contributed to a gradual rise in women's participation in entrepreneurial activities. This study examines the status of women entrepreneurs in India and analyzes the key factors influencing their performance in micro and small enterprises. The study is based on a mixed approach using primary data collected from 200 women entrepreneurs and secondary data drawn from government reports, published studies, and official statistics for the last eight years. The findings indicate that while women's participation and formal registration of enterprises have increased, significant challenges persist in the areas of access to finance, market linkages, skills, technology adoption, and sociocultural constraints. The paper concludes that strengthening institutional support, improving financial inclusion, enhancing skill development, and fostering a supportive entrepreneurial ecosystem are essential for improving the performance and sustainability of women-led micro and small enterprises in India.

Keywords- Women Entrepreneurs; Entrepreneurship; Micro and Small Enterprises.

I. Introduction

Women entrepreneurs have become an increasingly important driver of economic growth and job creation in India over the last eight years. Participation of women in economic activity has shown notable improvement: the Female Labor Force Participation Rate (FLFPR) rose from about 23.3% in 2017–18 to 41.7% in 2023–24, a recovery that reflects rising labor-market engagement, shifting social norms, and policy attention to women's work.

The micro, small and medium enterprises (MSME) ecosystem continues to be male-dominated, but women's presence has been growing in formal registrations and startups. According to Udyam/registration-based data, women-owned enterprises accounted for roughly 18% of registered MSMEs as of March 2022, while the Ministry of MSME reported a large gender gap in employment within the sector (nearly 76% of MSME employees were male and 24% female). At the same time, formal registration of women-led MSMEs increased markedly for example, registered women-led MSMEs rose from about 4.9 lakh in 2020–21 to around 8.59 lakh in 2021–22 showing both greater formalization and increased entrepreneurial activity by women. The startup landscape also reflects greater female representation. The



government's Startup India initiative has recognised tens of thousands of startups with at least one woman director, signaling improved participation of women in higher-growth ventures and in formal corporate governance roles. These shifts are accompanied by targeted policy measures (credit support, training, and schemes aimed at women entrepreneurs), growing NGO and privatesector interventions, and a renewed focus on self-help groups and community finance models to create pathways into entrepreneurship for rural and low-income women. Despite these positive trends, persistent barriers remain: access to formal credit, limited networks and mentoring, lower representation in high-growth sectors, care-related time constraints, and regional disparities in opportunity. Recent national and sectoral analyses therefore emphasise both the progress of the last eight years and the unfinished agenda to convert participation gains into sustainable, scaling enterprises led by women. This paper builds on that evidence base to examine the status of women entrepreneurs in India, identify key determinants of performance in micro and small enterprises, and draw practical recommendations to strengthen women's entrepreneurial outcomes.

II. Literature Review

Women's entrepreneurial participation has received considerable academic attention due to its potential role in economic development, poverty alleviation, and social empowerment. Research shows that women entrepreneurs often operate in the micro and small enterprise sector where they confront unique challenges that influence business performance and sustainability.

A primary factor influencing performance is access to financial resources. Scholars consistently find that limited access to credit, formal banking facilities, and working capital significantly constrains women entrepreneurs' ability to start, scale, and sustain their ventures (Beck, DemircucKunt & Maksimovic, 2005). In many developing economies, women are less likely than men to secure institutional financing due to lack of collateral, lower financial literacy, and gender-biased lending practices (Fonseka & Gaies, 2019). This financial exclusion often results in reliance on informal lenders, thereby increasing business cost and risk.

Closely related to finance is the role of entrepreneurial training and education. Several studies have highlighted that a lack of managerial and technical skills directly affects performance outcomes. According to Manolova, Brush, and Edelman (2008), women with higher levels of business education and training are more likely to implement effective management practices, innovate, and respond to market changes. Similarly, researchers in India note that educational attainment and participation in training programs significantly enhance women's confidence, decision-making ability, and business growth (Kumar & Singh, 2016).

Socio-cultural norms also figure prominently in the entrepreneurship literature. In many traditional and patriarchal societies, women face family and social barriers that limit their mobility, time allocation, and access to business networks. Studies in South Asia suggest that household responsibilities, gender stereotypes, and lack of family support negatively influence women entrepreneurs' performance (Ahl, 2006; Jamali,



2009). These constraints restrict women's ability to devote time to business development and reduce their participation in formal market spaces.

Institutional and policy environments play a vital role in shaping entrepreneurial outcomes. Effective government policies and support programs, such as subsidized credit schemes, business incubation, and market linkages, can facilitate women's business growth (OECD, 2017). However, empirical evidence from regions with weak institutional frameworks indicates that poor implementation, lack of awareness, and bureaucratic barriers diminish the effectiveness of such programs (Naz & Ahmad, 2016). In the context of Jammu & Kashmir, awareness and uptake of government support schemes by women entrepreneurs remain limited, suggesting a gap between policy intent and grassroots impact.

Objective of the study Objectives of the Study

- To examine the current status of women entrepreneurs in micro and small enterprises in India.
- To identify the key factors affecting the performance of women entrepreneurs in micro and small enterprises.
- To analyze the major challenges and opportunities faced by women entrepreneurs in running their enterprises.

III. Methodology

The present study adopted a descriptive and analytical research design to examine the factors affecting the performance of women entrepreneurs in micro and small enterprises. Both primary and secondary data has been used to achieve the objectives of the study.

Primary data were collected from a sample of 200 women entrepreneurs operating micro and small enterprises. The respondents were selected using an appropriate sampling technique to ensure adequate representation of different sectors and enterprise types.

Data were gathered through a structured questionnaire designed to capture information on socio-economic background, business characteristics, challenges faced, and performance-related factors. The questionnaire were distributed for 260 respondents and only 200 complete responses were collected for the analysis. Secondary data was collected from Government Agencies, Institutions like DICS, Published reports, Academic research, and databases.



Data Analysis and Interpretation

Demographic Profile of Respondents Table 1

01	Nature of Business	Manufacturing	133	66.5%
		Service Sector	67	33.5%
		Total	200	100%
02	Residence	Rural	105	52.5%
		Urban	35	17.5%
		Semi-urban	60	30%
		Total	200	100%
03	Monthly Income (Rs.)	20000–30000	67	33.5%
		30000–40000	68	34%
		40000–50000	35	17.5%
		Above 50000	30	15%
		Total	200	100%
04	Age of respondent	18-25 years	60	30%
		25-40 years	95	29%
		40-55 years	25	12.5%
		Above 55 years	20	20%
		Total	200	100%

Source: Primary Data

Interpretation: The table reveals that the majority of respondents are engaged in manufacturing activities (66.5%), while 33.5% operate in the service sector, indicating a strong inclination toward production-based enterprises. In terms of residence, more than half of the respondents belong to rural areas (52.5%), followed by semi-urban areas (30%), suggesting that micro and small enterprises are more concentrated outside urban centers, with limited urban participation (17.5%). The



income distribution shows that most respondents earn between ₹20,000–30,000 (33.5%) and ₹30,000–40,000 (34%) per month, reflecting moderate income levels, while a smaller proportion earns above ₹50,000 (15%), indicating limited high-income performance among the enterprises. Age-wise, a substantial share of entrepreneurs falls in the 18–25 years (30%) and 25–40 years (29%) categories, highlighting strong youth and early-middle age participation, whereas comparatively fewer respondents are in the 40–55 years (12.5%) and above 55 years (20%) groups. Overall, the table suggests that women-led micro and small enterprises in the study area are predominantly manufacturing-oriented, rural-based, operated by relatively younger entrepreneurs, and generate modest income levels.

Factors affecting the performance of women entrepreneurs in micro and small enterprises.

(1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree and 5= Strongly Agree) and N=200

Table 2

Perception of Users	N	Min	Max	Mean	S.D
Access to financial resources such as bank loans and credit facilities significantly affects the performance of my enterprise.	200	1.00	5.00	4.28	.96
Family support and work–life balance play an important role in the successful operation of my business.	200	1.00	5.00	4.36	.86
Lack of managerial and technical training limits the growth and performance of my enterprise.	200	1.00	5.00	4.61	.76
Government policies, schemes, and support programs positively influence the performance of women-owned enterprises.	200	1.00	5.00	3.30	1.40
Market competition and changing customer preferences affect the sustainability and profitability of my business.	200	1.00	5.00	4.13	1.08



Social and cultural barriers create challenges in decision-making and expansion of my enterprise.	200	1.00	5.00	4.26	1.00
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Source: Primary Data

Interpretation: The table presents respondents’ perceptions regarding factors affecting the performance of women-owned enterprises, measured on a five-point Likert scale with a sample size of 200. The findings indicate strong agreement that lack of managerial and technical training significantly constrains enterprise growth and performance, reflected by the highest mean score (4.61) and relatively low variability, suggesting consensus among respondents. Family support and work– life balance also emerge as a crucial factor (Mean = 4.36), highlighting the importance of social and familial backing for successful business operations. Access to financial resources, such as bank loans and credit facilities, is perceived as a major determinant of enterprise performance (Mean = 4.28), emphasizing financial inclusion as a key requirement for sustainability. Respondents also strongly agree that social and cultural barriers pose challenges to decision-making and expansion (Mean = 4.26), underlining persistent gender-based constraints. Market competition and changing customer preferences are viewed as influential on profitability and sustainability (Mean = 4.13), indicating external market pressures faced by women entrepreneurs. In contrast, government policies, schemes, and support programs received a comparatively lower mean score (3.30) with higher standard deviation, suggesting mixed perceptions regarding their effectiveness. Overall, the analysis highlights training, family support, finance, and socio-cultural factors as the most critical influences on the performance of women entrepreneurs in the study area.

The performance of women entrepreneurs in micro and small enterprises is influenced by a combination of financial, managerial, socio-cultural, and institutional factors. Access to finance remains a critical determinant, as limited availability of credit and capital restricts business expansion and sustainability. Managerial and technical skills, along with proper training and education, significantly affect decision-making, productivity, and competitiveness. Socio-cultural constraints, including family responsibilities, gender norms, and limited networking opportunities, often hinder women’s active participation in business operations. Additionally, external factors such as market competition, changing customer preferences, infrastructure, and the effectiveness of government policies and support schemes play a vital role in shaping enterprise performance. Together, these factors determine the growth, profitability, and long-term viability of women-led micro and small enterprises. In addition, psychological factors such as self-confidence, risk-taking ability, and motivation also influence entrepreneurial performance, as women with higher confidence levels are better able to identify opportunities and cope with business uncertainties. Support systems, including family backing, peer networks, and mentoring.



Challenges and Prospectus Women Entrepreneurs in Micro and Small Enterprises

Table 3

Challenges faced by the Women Entrepreneurs in Micro and Small Enterprises.	N	Min	Max	Mean	S.D
Limited access to formal financial institutions and credit facilities is a major challenge affecting the growth and performance of my enterprise.	200	1.00	5.00	4.82	.25
Lack of managerial, technical, and entrepreneurial training restricts my ability to expand and efficiently manage my business.	200	1.00	5.00	3.85	1.25
Socio-cultural norms and family responsibilities create obstacles in decision-making and day-to-day business operations.	200	1.00	5.00	4.25	.82
Inadequate government support, awareness, or effective implementation of schemes poses a challenge to the sustainability of my enterprise.	200	1.00	5.00	4.65	.42
Market competition, limited market access, and changing customer preferences negatively affect the profitability of my business.	200	1.00	5.00	4.75	.32

Source: Primary Data.

Interpretation: The table presents the key challenges faced by women entrepreneurs in micro and small enterprises of Baramulla and Srinagar Districts of Jammu and Kashmir based on responses from 200 respondents. The results indicate strong agreement that limited access to formal financial institutions and credit facilities is a major challenge, reflected by a very high mean score (4.82), highlighting finance as



the most critical constraint affecting business growth and performance. Market competition, limited market access, and changing customer preferences also emerge as a significant challenge (Mean = 4.75), suggesting intense competitive pressure in the local business environment. Respondents further perceive inadequate government support, lack of awareness, and ineffective implementation of schemes as a serious obstacle to enterprise sustainability (Mean = 4.65). Socio-cultural norms and family responsibilities are identified as notable barriers to decision-making and daily operations (Mean = 4.25). Although comparatively lower, the lack of managerial, technical, and entrepreneurial training (Mean = 3.85) still represents an important challenge. Overall, the findings reveal that financial constraints, market-related issues, and policy support gaps are the most dominant challenges influencing the performance of women entrepreneurs in the study area.

Women entrepreneurs play a vital role in the growth of micro and small enterprises; however, they continue to face several challenges that affect the performance and sustainability of their businesses. These challenges arise from economic, social, institutional, and personal factors.

Limited Access to Finance:

One of the most significant challenges faced by women entrepreneurs is inadequate access to formal credit and financial resources. Due to lack of collateral, limited credit history, and lower financial literacy, many women depend on personal savings or informal sources of finance, which restricts business expansion.

Socio-Cultural Barriers:

Traditional gender roles and societal expectations often limit women's mobility, risk-taking ability, and time available for business activities. Balancing family responsibilities with entrepreneurial work remains a major constraint, especially in conservative and rural settings.

Lack of Education and Training:

Although the situation is improving, many women entrepreneurs still have limited access to formal education, technical training, and managerial skills. This affects decision-making, adoption of new technologies, and the overall efficiency of their enterprises.

Restricted Market Access:

Women entrepreneurs often face difficulties in accessing markets, building business networks, and establishing distribution channels. Limited exposure, weaker professional networks, and dependence on intermediaries reduce their competitiveness and profit margins.

Regulatory and Institutional Constraints:

Complex procedures related to registration, taxation, and compliance discourage many women from formalizing and scaling their businesses. Limited awareness about government schemes and support programs further reduces their ability to benefit from institutional support.



Lack of Confidence and Risk Aversion:

In some cases, low self-confidence, fear of failure, and limited family or social support affect women's willingness to take business risks or invest in growth opportunities.

Technology and Infrastructure Gaps:

Limited access to digital tools, modern technology, and adequate infrastructure (such as transport, power supply, and internet connectivity) also constrains productivity and market reach, particularly for women operating in rural and semi-urban areas.

Recommendations

Based on the findings of the study and the challenges faced by women entrepreneurs in micro and small enterprises, the following recommendations are suggested to enhance their performance and sustainability:

Improved Access to Finance:

Financial institutions should design and promote women-friendly credit schemes with simplified procedures, lower collateral requirements, and reasonable interest rates. Greater awareness about government financial support programs should also be created among women entrepreneurs.

Training and Skill Development:

Regular training programs in entrepreneurship, financial management, marketing, and digital skills should be organized by government agencies, educational institutions, and NGOs. This will help women entrepreneurs improve managerial efficiency and adopt modern business practices.

Strengthening Market Linkages:

Efforts should be made to connect women entrepreneurs with larger markets through trade fairs, exhibitions, e-commerce platforms, and business networks. This will enhance their visibility, customer base, and competitiveness.

Mentorship and Networking Support:

Mentorship programs involving successful entrepreneurs and industry experts should be promoted to guide women entrepreneurs in decision-making, problem-solving, and business growth.

Networking platforms and women entrepreneur associations should also be strengthened.

Simplification of Regulatory Procedures:

Government agencies should further simplify registration, taxation, and compliance procedures to encourage women to formalize and scale their enterprises. Single-window systems and digital services can reduce procedural burdens.

Social and Family Support Mechanisms:

Awareness programs should be conducted to encourage family and community support for women entrepreneurs. Facilities such as childcare support and flexible work arrangements can help women balance business and family responsibilities more effectively.



IV. Conclusion

Women entrepreneurs have emerged as an important force in the development of micro and small enterprises and in the broader process of economic growth and social transformation. The present study highlights that, despite increasing participation of women in entrepreneurial activities, their performance continues to be influenced by a range of financial, social, educational, and institutional factors.

The findings indicate that limited access to finance, socio-cultural constraints, inadequate training, restricted market access, and regulatory challenges remain significant barriers for many women entrepreneurs. At the same time, the study also shows that with appropriate support in the form of skill development, financial inclusion, market linkages, mentorship, and policy facilitation, women entrepreneurs can substantially improve the sustainability and growth of their enterprises.

Therefore, strengthening the ecosystem for women entrepreneurship is not only a matter of gender equity but also a strategic necessity for inclusive economic development. Focused interventions by government, financial institutions, educational bodies, and society at large can help unlock the full potential of women entrepreneurs and enable them to contribute more effectively to employment generation, innovation, and national development.

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